

EXHIBIT 27

COMMONWEALTH OF PUERTO RICO

Basic Financial Statements
and Required Supplementary Information

June 30, 2014

COMMONWEALTH OF PUERTO RICO

Table of Contents

	Page(s)
Independent Auditors' Report	1–7
Management's Discussion and Analysis (Unaudited)	8–35
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	36–37
Statement of Activities	38–39
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	40
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	41
Statement of Revenue, Expenditures, and Changes in Fund Balances	42
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Proprietary Funds:	
Statement of Net Position	44
Statement of Revenue, Expenses, and Changes in Fund Net Position	45
Statement of Cash Flows	46–47
Fiduciary Funds:	
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position – Pension (and Other Employee Benefit) Trust Funds	49
Major Discretely Presented Component Units:	
Combining Statement of Net Position	50–51
Combining Statement of Activities	52
Notes to Basic Financial Statements	53–308

COMMONWEALTH OF PUERTO RICO

Table of Contents

	Page(s)
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress – Defined-Benefit Pension Plans	310
Schedule of Funding Progress – Postemployment Healthcare Plans	311
Schedule of Employers’ Contributions	312
Schedule of Revenue and Expenditures – Budget and Actual – Budgetary Basis – General Fund	313
Notes to Required Supplementary Information	314–317
Combining and Individual Fund Financial Statements and Schedules	
General Fund:	
General Fund	319
Supplemental Schedule of Expenditures by Agency – Budget and Actual – Budgetary Basis	320–322
Nonmajor Governmental Funds:	
Nonmajor Governmental Funds	323–324
Combining Balance Sheet	325
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	326
Nonmajor Proprietary Funds:	
Nonmajor Proprietary Funds	327
Combining Statement of Net Position	328
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position	329
Combining Statement of Cash Flows	330
Fiduciary Funds:	
Fiduciary Funds	331–332
Combining Statement of Fiduciary Net Position – Pension Trust Funds	333
Combining Statement of Changes in Fiduciary Net Position – Pension (and Other Employee Benefit) Trust Funds	334

COMMONWEALTH OF PUERTO RICO

Table of Contents

	Page(s)
Combining Statement of Changes in Assets and Liabilities – Agency Funds	335
Nonmajor Discretely Presented Component Units:	
Nonmajor Discretely Presented Component Units	336
Combining Statement of Net Position	337–343
Combining Statement of Activities	344

COMMONWEALTH OF PUERTO RICO

Nonmajor Governmental Funds

Year ended June 30, 2014

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Public Buildings Authority Special Revenue Fund – The operating fund of the Public Buildings Authority, a blended component unit, used to account for the operation, maintenance, equipment replacement, and other extraordinary operation and maintenance costs of the buildings and facilities that, when constructed, are leased to the Commonwealth's Primary Government agencies.

The Children's Trust Special Revenue Fund – The special revenue fund of the Children's Trust, a blended component unit, is used to account for the money received by the Commonwealth from a global settlement agreement dated November 23, 1998 between certain tobacco companies and certain states, territories, and other jurisdictions of the United State of America, including the Commonwealth. The financial resources received by this fund are used to carry out projects aimed at promoting the well-being of children and youth of Puerto Rico.

Puerto Rico Infrastructure Financing Authority's Special Revenue Fund – The special revenue fund of the Puerto Rico Infrastructure Financing Authority, a blended component unit, is used to account principally for the moneys received by the Commonwealth, up to \$117 million, of certain federal excise taxes levied on rum and other articles produced in Puerto Rico and sold in the United States, which are collected by the U.S. Treasury and returned to the Commonwealth. Under Act No. 44 of June 21, 1988, as amended, the Commonwealth transfers to this fund the first \$117 million of these federal excise taxes reimbursed, which are subsequently transferred to the Puerto Rico Infrastructure Financing Authority's Debt Service Fund to provide for the debt service of its special tax revenue bonds. This special revenue fund also receives ARRA funds for the weatherization program aimed at converting certain government buildings into eco-friendly locations.

Special Communities Perpetual Trust's Special Revenue Fund – The special revenue fund of the Special Communities Perpetual Trust, a blended component unit, is used to account for the moneys received from the Governmental Development Bank, through a line of credit financing and cash contributions, upon inception of the Special Communities Perpetual Trust. The financial resources received by this fund are used to carry out development projects that address the infrastructure and housing needs of certain under privileged communities.

Debt Service Funds

The debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, and related costs other than bonds payable from operations of proprietary fund types, pension trust funds, and discretely presented component units. Long-term debt and interest due on July 1 of the following year are accounted for as a fund liability if resources are available as of June 30 for its payment.

The Children's Trust Debt Service Fund – The debt service fund of The Children's Trust accounts for the financial resources that are restricted, committed, or assigned to expenditure for the payment of interest and principal on long-term obligations financed with moneys to be received by the Commonwealth from the global settlement agreement signed by certain tobacco companies.